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LASZLO GAL**CONFIDENTIAL**

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On May 14, 1979, Source Three, who has furnished reliable information in the past, advised that **subject** had returned to Hungary in mid-1978 and then a request of California Institute of Technology had been sent to the Hungarian government that Laszlo Gal be allowed to return to the United States and present some of his papers on research into Magnetic Memory Domains (MMD). Later, in March 1979, source learned that Gal was getting married in the United States and that he had told the Hungarian government that he was not returning to Hungary. (C)

On May 30, 1979, a review of Marriage Certificate Records at the Los Angeles County Bureau of Vital Statistics, Los Angeles, California, determined that certificate of registration of marriage number 5772 had the following information:

Laszlo Gal was married on March 10, 1979, and the following information was noted:

Date of Birth	November 7, 1947
Place of Birth	Hungary
Age	31
Remarks	First marriage
Residence	695 East Villa Street, #1 Pasadena, California
Occupation	Scientist (electrical engineer)
Father	Sendor Gal, born Hungary
Mother	<u>Julianna Kaszas</u>
Bride	<u>Agnes Volgyesi</u>
Date of Birth	April 21, 1952
Place of Birth	Hungary
Age	26
Remarks	Third marriage
Residence	695 East Villa Street, #1 Pasadena, California
Occupation	Drafter (structural engineer)
Father	<u>Antal Volgyesi</u> , born Hungary
Mother	<u>Ilona Sturban</u> , born Hungary

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Witnesses

Donna Hester  
8209 Kyle Street  
Sunland, California

Name illegible  
1904 St. Albans Road  
San Marino, California

Person performing  
ceremony

James R. Mc Cormick  
Minister  
United Methodist Church  
400 West Duarte Road  
Arcadia, California (U)

On February 11, 1980, Laszlo Gal was interviewed at his residence at 695 East Villa Street, #1, Pasadena, California, in the presence of his wife. Gal provided the following personal information on himself:

Name	Laszlo Gal
Aliases	Laszlo Volgyesi Gal (middle name is wife's maiden name)
Date of Birth	November 7, 1947
Place of Birth	Budapest, Hungary
Father	Sandor Gal (retired textile warehouseman, still living in Budapest)
Father's year of birth	1909 at Dunnevese, Hungary
Mother	Julianna Kaszas, born in 1910 in Hungary, now deceased
Brother	Sandor Gal, born in 1941 in Hungary, left in 1964 now living in Austria and a citizen there with a family, a mechanic
Brother	Tibor Gal, fraternal twin of Laszlo, had two year scholarship for research in Japan from Hungarian government which will be expiring in March 1980. He does research in computer applications and is single. He had been teaching at the University of Budapest.

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Sister Julia Gal, born in 1942 in Hungary, still in Budapest, married to a Mod Jozsef. She is a bookkeeper.

Sister Marial Gal, born in 1945 in Hungary, was a librarian, now a telephone operator.

Personal education Elementary - in Budapest  
Secondary - in Budapest  
University - Technical University of Budapest - majored in digital electronics  
PhD - University of Budapest, 1965 (C)

Since 1972, Gal said, he has worked at the Research Institute of Physics in Budapest, Hungary in both physics and electronics areas. This is one of the top research institutes in Europe and there is the possibility of rapid advancement in the institute. Those who are most capable there are assisted in getting permission to travel and get scholarships or research grants outside of Hungary. In 1975 the institute started a cooperative exchange with the California Institute of Technology (CIT) through the help of the U. S. National Science Foundation. (C)

In November 1977, Gal arrived in the U. S. for eight months of work at CIT ending in June 1978, he returned to Hungary. However, Gal said, he had by then met his wife-to-be in the United States. Before leaving the U. S. he was invited to return in March 1979, to give some papers at a conference at CIT, permission for which was granted by the Hungarian government. When he returned he then decided to defect, in order to marry his wife, an American citizen now, and who is expecting their first child. He actually arrived in late February 1979. He had the intention of staying in the United States before his actual return because he had met his wife-to-be again in Hungary when she traveled there and they decided then to get married. Her parents are still there. Her maiden name is Agnes Vogyesyi. She had arrived in the United States in 1972 as she had had a grandmother and aunt here who had previously left Hungary in 1956. She met an American man whom she married and so she stayed in the United States. The Hungarian government gave her a legal permit to enter and exit Hungary after this marriage. In late 1974 or early 1975, she was divorced from this American. She had thereafter continued to reside in the Los Angeles area. (C)

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Gal said he was required at age 19, to spend one year, 1966-67, in the Hungarian Army. Normally a youth must serve two years, but those going to the University are only required to serve one year. He received basic infantry training. (C)

Gal said he specializes in Magnetic Bubble Memory technology as applied to computer designs. He now is employed with the Rockwell Corporation in Anaheim, California, and is now involved in the corporation's efforts to get this new technology into the production of new computer products. None of this work he does now is classified, according to Gal. (C)

Gal said he was never involved in political or Communist Party activity in Hungary and was never close to circles involved in intelligence activities. He said he was never asked directly to engage in or perform any intelligence activities by Hungarian Intelligence. But, he said scholars and students returning from study and research abroad are required to sit down in seminars and discuss what they have observed and learned while abroad. (C)

Gal said that he and his wife cannot return to Hungary in the foreseeable future due to an article that appeared in the November 12, 1979 issue of Newsweek covering Soviet Bloc intelligence activities against American business and technology wherein it mentioned that a defector (unnamed) had revealed that a Hungarian scientist who frequently visited the United States had been tasked by the Soviets to deliver a prototype computer based on MMD technology obtained in the United States. This article, Gal felt, tended to expose him unnecessarily to attention of the public, his friends and colleagues and the Hungarian government. Many of his colleagues deduced that he was the defector involved. He also feels that his and his wife's relatives may now have no chance to get passports or exit visas to leave Hungary. He and his wife have been getting letters from relatives indicating this fact had been conveyed to them. He also learned that his former superior in Hungary sent an angry letter to CIT about the article in Newsweek magazine. (C)

Gal said his family belonged to a church group never officially approved by the Hungarian government and thus were persecuted in many ways. He said he was never a member of the Communist Party of Hungary. (C)

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Gal said his wife was expecting their first child in a couple of months. He was concerned about getting his permanent alien status and said he had been interviewed by the Immigration and Naturalization Service (INS) in June 1979 but nothing had happened yet. He said he was to have an interview again in a few days, and would again have to give a statement that he had never been a member of the Communist Party in Hungary. He said he had already given such a statement in June 1979. (C)

On February 13, 1980, an inquiry through the California Law Enforcement Telecommunications System (CLETS) determined the following driver's license information: (U)

Name	Laszlo Volgyesi Gal
Address	695 East Villa Street, #1 Pasadena, California 91101
Date of Birth	November 7, 1947
Sex	Male
Height	5'10"
Weight	140 pounds
Eyes	Brown
Hair	Brown
Car	1969 Volkswagen license YEL 514 (effective April 3, 1979) (U)

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## Foreign Intrigue And Satellite Spying Invade Silicon Gulch

Lying south of San Francisco and stretching between Stanford and San Jose lies an incredible phenomenon — Silicon Valley. It is the driving force behind our world dominance in electronic and non-electronic markets. This modern wonder of the world far surpasses any assembly of high-technology companies in any other part of the world, and this region contains the world's largest congregation of semiconductor firms, research laboratories, universities and attendant service organizations in terms of concentration that is related to a single technology and industry.

It's said that New York is the "spy

capital" of the nation in numbers; but the amount of Soviet espionage in Southern California's electronics, computer and aerospace industries "is frightening," says the head of the FBI's Los Angeles office.

Herbert Clough Jr. warned that Southern California is an espionage Mecca because "the goodies are here." Half of all classified government contracts are in Southern California — enough to tempt the Soviets, and now the PRC (Red Chinese). Although new FBI programs to alert electronics and computer firms to the dangers of espionage and theft of technology has begun, with the years of strangling of

US intelligence capability, observers cynically question if the theft of high technology can be curtailed.

Using small hand transmitters, an estimated 50 Russian spies are making daily reports on Silicon Valley's latest breakthroughs — much of it secret or proprietary company information. What makes this massive electronics "theft ring" so incredible — other than the fact that they cannot be punished if caught! — is that their hand transmitters send report up to a Soviet satellite as it passes overhead. Obviously, if U.S. electronics firms or engineers tried to get away with this massive theft of technology, you can bet they wouldn't get off on diplomatic immunity.

Soviet spies, with only moderately sophisticated gear, can listen in on the communications of strategic missile and space firms and other companies. Furthermore, similar telephone spying was used by the Russians to get secret trade information that enabled them to pull off favorable wheat deals.

The Soviets can copy information with small-but-highly-directional microwave dishes, receiving the sidelobe electromagnetic energy of a straightline microwave transmission at a distance of 10 to 20 miles. Russian spies must first listen at random to thousands of conversations. Finally, when they detect a conversation being carried on a line leased by an important electronics firm, they monitor this and all other "dedicated phone lines" leased by the chosen target companies.

Although the Soviet consulate in San Francisco is not on a direct line with phone company microwave relays in the city, its upper floors are loaded with electronic gear.

How many individuals are involved? The FBI estimates that 50 KGB colonels are based in Silicon Valley. As for their San Francisco consulate, estimates pinpoint 35 percent of the Soviet personnel there as involved in industrial espionage.

Will the Peoples Republic of China (PRC or Red China) establish diplomatic spies, i.e., the equivalent of the U.S.-based Soviet KGB espionage staff? Perhaps. However, this may not be so necessary, since the U.S., it appears, is about to make an all-out effort to supply the PRC with massive technological assistance and information. The IEEE will, it seems, play a key role in transferring U.S. computer and electronics technology to the PRC. Former IEEE president, Jerome Suran and General Manager Eric Herz, in a recent trip to the Far East, discussed the possibility of opening up an IEEE section on the Chinese mainland admitting PRC EEs to the IEEE. The Chinese Institute of Electronics and its president, Lin Yin, said they also wanted translation right to IEEE publications. As reported in an IEEE newspaper, "The Institute" (Dec. 1979, pg. 4); "Interest was intense throughout Region 10 to get mainland China into the IEEE fold, Mr. Suran reported, adding: 'The Hong Kong Section could assist the formation of a new section in mainland China.' Mr. Suran met in Hong Kong with leaders of that IEEE section to discuss a possible role.

No time was agreed upon for a decision on the mainland Chinese section, but Mr. Liu and several representatives are to meet with IEEE leaders in New York during their current month-long visit to the U.S.

From our recent discussions of this matter with an IEEE official, the attitude conveyed was that the IEEE is enthusiastic about giving away hard-earned U.S. electronics and computer technology to the PRC. When asked about whether this could antagonize the Soviets, or eventually create an economic (due to low wages) or even military threat, the IEEE spokesman

shrugged it off. From his insight into the matter and his apparent enthusiasm for this upcoming U.S. technology transfer, we suspect something is upcoming. But, we seriously doubt if the IEEE would independently take such unilateral action; and, no doubt, some higher organizations gave them the go-ahead.

PRC's armed forces number 4.3 million — by far the largest war machine in the world, with a 115-division army and 4700 combat aircraft. Can anyone doubt that the mas-

sive U.S. transfer of electronics and computer technology won't be used to improve this war machine's effectiveness and increase the chances of it being used against neighboring nations like India, Africa, Japan, Pakistan or Afghanistan?

We believe in the transfer of technology to nations that have historically shown a responsible use of it. But, is giving away technology to those who would sooner or later misuse it wise? Is IEEE's explorative intentions to admit mainland Chinese engineers to its membership a responsible action? Or is this planting the seeds of World War III?

Do you agree? Or disagree? Or half-disagree? If so, or if you have other points of view, please write us. We welcome your letters and comments.

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